

PUBLIC DISCLOSURE

June 30, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Oneida Savings Bank
15975

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Oneida, New York 13421

Federal Deposit Insurance Corporation
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Suite 1200
New York, New York 10118

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **The Oneida Savings Bank (Oneida Savings)**, prepared by the **Federal Deposit Insurance Corporation (FDIC)**, the institution's supervisory agency, as of **June 30, 2014**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated Satisfactory.

The Community Development Test is rated Satisfactory.

An institution in this group has a satisfactory record of helping to meet assessment area credit needs in a manner consistent with its resources and capabilities. The following points summarize the bank's Lending Test and Community Development Test performance:

LENDING TEST

- The loan-to-deposit (LTD) ratio since the previous evaluation is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of the bank's home mortgage loans were made inside its AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs. This conclusion is based primarily on the bank's performance within its AA located in the Syracuse, New York Metropolitan Statistical Area (MSA).
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels (including low- and moderate-income).
- No CRA-related complaints were received since the prior evaluation.

COMMUNITY DEVELOPMENT TEST

The bank's community development performance demonstrates adequate responsiveness to community development needs of its assessment area(s) through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area(s). This conclusion is based primarily on the bank's performance within its AA located in the Syracuse, New York MSA.

SCOPE OF EXAMINATION

Oneida Savings' CRA performance was reviewed using Intermediate Small Bank (ISB) evaluation procedures, which include the Lending and Community Development Tests. The bank's total assets at year-end 2012 and 2013 were \$681.3 and \$742.5 million, respectively. As of January 1, 2014, institutions with assets between \$300 million and \$1.202 billion for the two prior calendar year-ends meet the ISB definition.

The Lending Test was evaluated pursuant to the following criteria: LTD ratio, assessment area concentration, geographic distribution, borrower's profile, and response to CRA complaints. The Community Development Test performance focused on the bank's community development lending, investments, and services.

Residential mortgage lending continues to be the bank's primary lending focus. As of March 31, 2014, residential mortgage loans comprised 53.0 percent of total loans. As a result, this evaluation analyzed home mortgage lending. The home mortgage loans included all loans reported on the bank's 2012 and 2013 Home Mortgage Disclosure Act (HMDA) loan application registers (LAR). The LAR contains data about home purchase and home improvement loans, including refinances of 1-4 family and multi-family properties. The review considered originated loans only, since the bank does not purchase home mortgage loans.

Commercial, consumer, and farm loans are not presented in this evaluation, as they do not constitute a substantial portion of the loan portfolio. As an ISB bank, Oneida Savings does not collect and report small business and small farm loans.

The data tables contained in the Geographic Distribution and Borrower's Profile sections reference loans in terms of number. Loan data by dollar amount was comparable to the data by number of loans and was therefore excluded from these sections of the evaluation.

The Community Development Test considered community development loans, qualified investments, and community development services for the period February 14, 2011 through June 30, 2014.

Full-scope procedures were used to evaluate the bank's performance in its two AAs located in the Syracuse, New York and Utica-Rome, New York MSAs. Of note, Oneida Savings' performance within the Syracuse, New York MSA received more weight in the overall performance conclusions and ratings since a majority of the bank's offices and lending occurs in that area.

DESCRIPTION OF INSTITUTION

Oneida Savings is a state-chartered savings bank with total assets of \$785.2 million as of March 31, 2014. The bank is headquartered in the City of Oneida, which is located in Madison County, New York. The bank is a wholly owned subsidiary of Oneida Financial Corporation, Inc., which is a publicly traded one-bank holding company, also headquartered in Oneida, New York. Oneida Savings maintains several wholly owned subsidiaries, including the following: Bailey, Haskell, and Lalonde Agency, Inc., a life, disability, and long-term care insurance provider, as well as an employer consulting and risk mitigation provider; Oneida Wealth Management, Inc., a financial service, trust, and retirement plan provider; The State Bank of Chittenango, a special purpose commercial bank that accepts municipal deposits; and Oneida Preferred Funding Corporation, Inc., a real estate investment trust.

Oneida Savings maintains 11 full-service offices, including 6 offices in Madison County and 5 offices in Oneida County. Since the previous evaluation, the bank opened its Turin Office in Oneida County (November 3, 2011). In addition, the bank closed its Bridgeport Office in Madison County (September 28, 2012), due to insufficient customer traffic.

Although Oneida Savings offers products and services for business and retail consumers, its primary lending focus is serving the home mortgage credit needs of its AAs. Table 1 illustrates the composition of the bank's loan portfolio as of March 31, 2014.

Table 1 – Loan Distribution		
Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Construction and Land Development	8,765	2.6
Secured by Farmland	530	0.1
1-4 Family Residential	170,923	50.0
Multi-Family (5 or more) Residential	10,639	3.0
Non-farm non-residential	69,389	20.3
Total Real Estate Loans	260,246	76.0
Commercial and Industrial	51,800	15.1
Agricultural	0	0.0
Consumer	29,692	8.7
Other	584	0.2
Total Loans	342,322	100.0

Source: Report of Condition (03/31/2014)

There are no impediments, legal or otherwise, which would impact the bank's ability to help meet the credit needs of the assessment area. The bank was rated "Satisfactory" at the previous CRA evaluation conducted February 14, 2011, which used ISB CRA evaluation procedures.

DESCRIPTION OF ASSESSMENT AREA

The bank has two contiguous assessment areas in New York State. The first AA, which includes all of Madison County and a small portion of Onondaga County, is located in the Syracuse, New York Metropolitan Statistical Area (MSA) #45060. The second AA, which includes a portion of Oneida County, is located in the Utica-Rome, New York MSA #46540. Although these two AAs are contiguous, they were evaluated separately in accordance with the CRA regulation, as the two MSAs are not within the same Combined Statistical Area. The AAs have been defined in accordance with the requirements of the CRA regulation and do not arbitrarily exclude low- and moderate-income geographies.

Geographies (census tracts) and families are designated as low-, moderate-, middle-, or upper-income by comparing their median family income (MFI) to the MFI of the MSA. The Federal Financial Institutions Examination Council (FFIEC) updates MFI figures annually for inflation and other economic events. The 2012 MFIs for the Syracuse, New York MSA and the Utica-Rome, New York MSA were \$66,600 and \$58,800, respectively. During 2013, the MFI decreased slightly for the Syracuse, New York MSA to \$65,800, while the MFI for the Utica-Rome, New York MSA increased notably to \$63,800. **Tables 2 and 3** below illustrate the specific income level designations for the Syracuse, New York MSA and the Utica-Rome, New York MSA during 2012 and 2013.

Table 2 – Syracuse, New York MSA Income Level Designations			
Income Level	Percent of MFI	Income Range 2012	Income Range 2013
Low	Less than 50%	Less than \$33,300	Less than \$32,900
Moderate	50% to less than 80%	\$33,300 to less than \$53,280	\$32,900 to less than \$52,640
Middle	80% to less than 120%	\$53,280 to less than \$79,920	\$52,640 to less than \$78,960
Upper	120% and over	\$79,920 and over	\$78,960 and over

Source: FFIEC

Table 3 – Utica-Rome, New York MSA Income Level Designations			
Income Level	Percent of MFI	Income Range 2012	Income Range 2013
Low	Less than 50%	Less than \$29,400	Less than \$31,900
Moderate	50% to less than 80%	\$29,400 to less than \$47,040	\$31,900 to less than \$51,040
Middle	80% to less than 120%	\$47,040 to less than \$70,560	\$51,040 to less than \$76,560
Upper	120% and over	\$70,560 and over	\$76,560 and over

Source: FFIEC

Population

Table 4 depicts geographies, population, and families by census tract income level.

Table 4 – Assessment Area Demographics by Census Tract Income Level						
Census Tract Income Level	# of Geographies	% of Geographies	Population	% of Population	# of Families	% of Families
Low	0	0.0	0	0.0	0	0.0
Moderate	6	13.6	19,052	10.7	4,435	9.6
Middle	22	50.0	105,115	58.8	28,085	60.6
Upper	14	31.8	52,467	29.3	13,817	29.8
NA	2	4.6	2,156	1.2	0	0.0
Total	44	100.0	178,790	100.0	46,337	100.0

Source: U.S. Census Data (2010)

Table 5 depicts the number of families grouped by the income level of the families. This data is used for demographic comparisons to bank lending.

Table 5 – Assessment Area Families by Income Levels		
Income Level	# of Families	% of Families
Low	7,954	17.2
Moderate	8,189	17.7
Middle	9,888	21.3
Upper	20,306	43.8
Total	46,337	100.0

Source: U.S. Census Data (2010)

Home lending opportunities to low- and moderate-income borrowers are limited by the notable percentage of families below the poverty line. Based upon 2010 U.S. census data, 6.3 percent of the families in the AA families are in poverty.

Housing

Table 6 depicts housing demographic data. This data, particularly owner-occupied housing units, is used for demographic comparisons to bank lending performance.

Table 6 – Selected Housing Characteristics by Income Level of the Census Tract									
Census Tract Income Level	Percentage						Median		
	Census Tract	House -holds	Housing Units	Owner- Occupied	Rental Units	Vacant Units	Home Age*	Home Value*	Gross Rent**
Low	0.0	0.0	0.0	0.0	0.0	0.0	0	\$0	\$0
Moderate	13.6	9.6	12.4	7.0	26.6	15.5	36	\$65,547	\$577
Middle	50.0	60.6	59.6	61.9	48.3	69.1	42	\$102,465	\$676
Upper	31.8	29.8	27.9	31.1	24.8	15.2	44	\$169,229	\$818
NA	4.6	0.0	0.1	0.0	0.3	0.2	0	\$0	\$0
Total or Median	100.0	100.0	100.0	100.0	100.0	100.0	42	\$122,857	\$683

Source: U.S. Census Data (2010), *Owner-Occupied Units, **Renter-Occupied Units

The relatively low portion of owner-occupied units in the moderate-income census reduces home mortgage lending opportunities in those areas.

Economy

According to Moody's Analytics, the Syracuse, New York and Utica-Rome, New York MSAs have been weak and underperformers among the larger metro areas of New York State. The entire area maintains weak demographic trends with an aging and shrinking population. Two-thirds of industries are not expanding and earnings growth is non-existent, which translates to stagnant income growth for employees. Homeownership rates have dropped, with demand towards rental-ownership growing that has spurred a pick-up in multi-family construction and existing multi-family real estate sales.

The area's economy reflected some strength based on its decreasing unemployment rate. During the first quarter of 2014, the unemployment rates for the Syracuse, New York MSA and the Utica-Rome, New York MSAs stood at 7.9 and 7.4 percent, respectively, which decreased from the 8.8 and 9.3 percent rates of the prior year. These decreasing trends are in line with the national and state levels during this same period. However, these trends are more a function of limited job growth coupled with labor force declines and persistent population out-migration. As a result, the area's unemployment rate is not fully indicative of the area's generally weak and stagnant economy.

In addition to weak economic environment and population trends discussed above, another performance context consideration is the composition of AA census tracts. As detailed in **Table 4**, the bank's AAs are comprised substantially of middle- and upper-income tracts, with no low-income and only six moderate-income tracts which reduce community development opportunities. Also, since a substantial portion of the AAs are rural, there are fewer opportunities for formal community development projects.

Competition

According to the FDIC's Summary of Deposits, there are 17 other banks operating a total of 52 offices within the combined AA as of June 30, 2013. Each of these insured depository institutions are headquartered outside the bank's combined AA. Several of these banks have multi-billion to multi-trillion dollars in total assets, including JP Morgan Chase, NA; Bank of America, NA; M&T Bank; KeyBank, NA; RBS Citizens, NA; First Niagara Bank, NA; and Community Bank, NA. These lenders primarily serve national and regional markets, including the bank's AA. Oneida Savings ranks first in market share with approximately 41.2 percent of total deposits in the AA.

Regarding home mortgage lending, Oneida Savings also faces competition from larger regional and national banks, as well as regional mortgage companies and credit unions that make loans in the combined AA. Examples of these lenders include the following: Americu Credit Union; Empower Federal Credit Union; Beacon Federal; Syracuse Securities, Inc.; Wells Fargo Bank, NA; Alliance Bank, NA; Berkshire Bank; and CUC Mortgage Corporation. According to HMDA aggregate data for 2012, the top ten lenders account for 58.5 percent of total home mortgage loans made in the AA. Oneida Savings ranks second among 131 total lenders in AA market share with 12.2 percent of total home mortgage loans made during 2012.

Community Contact

A community contact was conducted with a local affordable housing organization to ascertain credit needs within the Utica-Rome, New York MSA. This non-profit organization primarily serves low- and moderate-income families with counseling, foreclosure prevention, and affordable housing assistance. The contact cited affordable housing as an urgent credit need, with an increase in demand for first-time homebuyer program assistance. However, many potential borrowers maintain excessive debt loads, which pose an obstacle to homeownership. As a result, individuals require education and counseling on how to reduce debt loads and qualify for home mortgage credit. The contact mentioned several lenders that provide affordable housing programs for their clients. The contact indicated that local lenders have made home mortgage loans more accessible in recent years; nonetheless, an urgent and ongoing need for affordable housing programs and assistance continues to exist within the Utica-Rome, New York MSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Loan-to-Deposit Ratio

The bank's average net LTD ratio is reasonable considering its size, performance context, existing lending opportunities, and a peer group comparison.

The bank's net LTD ratio, as calculated from Report of Condition (Call Report) data, averaged 51.7 percent for the 13 quarters since the previous evaluation. The ratio was relatively steady during this time period, ranging from a low of 48.3 percent to a high of 54.6 percent. According to the most recent Uniform Bank Performance Report (March 31, 2014), the bank's net LTD ratio was 49.5 percent, which was less than the peer group average of 83.4 percent. In addition, Oneida Savings ranked in only the fourth percentile among its peer group. The bank's peer group included all insured savings banks in the United States having assets between \$300 million and \$1 billion (261 banks).

The bank's LTD ratio is not truly representative of the bank's lending efforts and is skewed significantly lower as a direct result of two performance context factors. First, Oneida Savings' LTD ratio is impacted by the significant volume of municipal deposits that it reports for its limited-purpose bank subsidiary, State Bank of Chittenango (SBC). The loans and deposits of SBC are included in the financial data reported by Oneida Savings, since Call Report data is filed on a consolidated basis for the bank, which includes its subsidiaries. While SBC had no loans to benefit Oneida Savings' LTD ratio, it had a sizeable amount of deposits that effectively lowered the bank's LTD ratio. In fact, SBC reported total deposits of \$180.6 million as of March 31, 2014, which represents approximately 26.4 percent of the total deposits reported for Oneida Savings. Second, the bank continues to sell a notable volume of home mortgage loans on the secondary market. During 2012 and 2013, the bank sold approximately 40.0 percent and 30.0 percent of its home mortgage loan originations, respectively. Since sold loans are not reflected in the total loans held by the bank, the LTD ratio generally does not benefit from those loan originations.

The bank's LTD ratio was not compared to any similarly situated lenders, as there were no comparable lenders within this AA based on asset size, assessment area designation, branching network, and lending focus and strategies.

Assessment Area Concentration

A substantial majority of home mortgage loans were made within the combined AAs.

Table 7 indicates the ratio of home mortgage loans in the AAs. Overall, these lending levels reflect the bank's commitment to lend locally.

Table 7 – Distribution of Loans Inside and Outside Assessment Area										
Loan Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2012	523	84.9	93	15.1	616	\$53,184	80.5	\$12,920	19.5	\$66,104
2013	390	85.3	67	14.7	457	\$41,740	82.3	\$8,964	17.7	\$50,704
Total	913	85.1	160	14.9	1,073	\$94,924	81.3	\$21,884	18.7	\$116,808

Source: HMDA LARs (2012, 2013)

Geographic Distribution

The geographic distribution of Oneida Savings' home mortgage loans reflects a reasonable dispersion throughout the AA.

Table 8 details the bank's performance. For comparative purposes, the percentage of aggregate lending and owner-occupied housing units among geographies of different income levels are also shown.

Table 8 – Distribution of HMDA Loans by Census Tract Income Level						
Census Tract Income Level	Owner-Occupied Housing Units	Aggregate Lending (2012)	Bank (2012)		Bank (2013)	
	%	%	#	%	#	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	7.0	4.3	12	2.3	16	4.1
Middle	61.9	57.3	401	76.7	285	73.1
Upper	31.1	38.4	110	21.0	89	22.8
Total	100.0	100.0	523	100.0	390	100.0

Source: HMDA LARs (2012, 2013), U.S. Census Data (2010)

As shown in **Table 8**, the bank's 2012 lending in moderate-income geographies at 2.3 percent was exceeded by the percentage of owner-occupied housing units at 7.0 percent, as well as the aggregate lending level of 4.3 percent. However, Oneida Savings ranks third among all lenders for market share in the AA's moderate-income tracts with 6.9 percent of the total home mortgage loans made in those areas during 2012. Also, the bank's lending level within moderate-income tracts increased to 4.1 percent in 2013. Furthermore, the number of loans made in moderate-income tracts increased in 2013, despite a 25.4 decrease in total loans extended from 2012 to 2013.

Borrower's Profile

Oneida Savings' distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels.

Table 9 details the bank's performance. For comparative purposes, aggregate lending levels and the distribution of families by income level are also shown.

Table 9 – Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	Families	Aggregate Lending (2012)	Bank (2012)		Bank (2013)	
	%	%	#	%	#	%
Low	17.2	7.2	40	7.7	31	7.9
Moderate	17.7	18.7	101	19.3	68	17.4
Middle	21.3	25.3	140	26.8	95	24.4
Upper	43.8	45.7	211	40.3	179	45.9
N/A	0.0	3.1	31	5.9	17	4.4
Total	100.0	100.0	523	100.0	390	100.0

Source: HMDA LARs (2012, 2013), U.S. Census Data (2010)

As shown in **Table 9**, the bank's 2012 lending among low-income borrowers was lower than the percentage of low-income families, but generally consistent with the 2012 aggregate level. The aggregate lending level is the primary comparison to measure the bank's performance. Also, Oneida Savings ranks second among all lenders in market share for low-income borrowers with 12.9 percent of the total home mortgage loans extended to these borrowers during 2012. In addition, Oneida Savings' ratio of loans to low-income borrowers increased to 7.9 percent in 2013. Aggregate lending data for 2013 is not yet available.

The bank's lending to low-income borrowers was affected by the inherent challenges for low-income families to obtain homeownership within the AA. As noted previously in **Table 6**, the AA's median housing value is \$122,857, which makes it difficult for most low-income families to own a home. Low-income families in the AA often cannot make the necessary down payment or debt-to-income repayment requirements to qualify for a home mortgage loan. Furthermore, 6.3 percent of AA families are below the poverty level. Families in poverty represent nearly one-third of all low-income families in the AA.

According to **Table 9**, the bank's 2012 lending to moderate-income borrowers at 19.3 percent exceeded both the percentage of moderate-income families, at 17.7 percent, and the 2012 aggregate performance at 18.7 percent. Also, Oneida Savings ranks second among all lenders in market share for moderate-income borrowers with 12.5 percent of the total home mortgage loans extended to these borrowers during 2012. Oneida Savings' lending level decreased in 2013 to 17.4 percent, which is generally consistent with the percentage of moderate-income families at 17.7 percent. However, the 2013 aggregate lending data is not yet available to measure the overall market's performance and existing loan demand. As a result, the bank's decreased lending level in 2013 is considered reasonable.

Response to Complaints

Neither the bank nor the FDIC received any CRA-related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The institution's community development loans, qualified investments, and community development services are collectively evaluated. As an ISB, the bank has flexibility to allocate its resources among community development loans, qualified investments, and community development services in amounts that it reasonably determines are most responsive to the community development needs and opportunities within its AAs.

Based on a review of demographic and economic data, the activities of other financial institutions, and reviews of community development organization contacts, the assessment area has a moderate level of community development need. Oneida Savings' community development performance demonstrates an adequate responsiveness to the community development needs of its AAs on a combined basis, considering the institution's capacity and the need and availability of such opportunities.

Community Development Lending

Oneida Savings originated 28 community development loans totaling approximately \$13.3 million since the previous evaluation. This represents 1.7 percent of total assets and 3.9 percent of total loans for the period ending March 31, 2014. Refer to **Table 10** for a summary breakout of the community development loans by purpose, year, and MSA.

Table 10 – Community Development Lending												
Assessment Area	Total		Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Neighborhood Stabilization	
	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)
2011												
Syracuse, NY MSA	4	3,740	0	0	3	3,540	1	200	0	0	0	0
Utica-Rome, NY MSA	2	259	0	0	0	0	2	259	0	0	0	0
Total	6	3,999	0	0	3	3,540	3	459	0	0	0	0
2012												
Syracuse, NY MSA	9	4,170	1	316	7	3,654	1	200	0	0	0	0
Utica-Rome, NY MSA	1	200	0	0	0	0	1	200	0	0	0	0
Total	10	4,370	1	316	7	3,654	2	400	0	0	0	0
2013												
Syracuse, NY MSA	9	4,168	0	0	8	3,968	1	200	0	0	0	0
Utica-Rome, NY MSA	1	200	0	0	0	0	1	200	0	0	0	0
Total	10	4,368	0	0	8	3,968	2	400	0	0	0	0
2014												
Syracuse, NY MSA	2	600	0	0	2	600	0	0	0	0	0	0
Utica-Rome, NY MSA	0	0	0	0	0	0	0	0	0	0	0	0
Total	2	600	0	0	2	600	0	0	0	0	0	0
Grand Total	28	13,337	1	316	20	11,762	7	1,259	0	0	0	0

Source: Bank records

Qualified Investments

The bank had approximately \$3.2 million in qualified investments and donations in its combined AA. This amount represented 0.4 percent of total assets and 0.9 percent of total investments as of March 31, 2014. Other than the grants and donations, no new investments were made since the previous evaluation. Overall, these investments and donations were responsive to the needs of Oneida Savings' AAs, given the bank's focus on community development loans and services, as well as the limited qualified investment opportunities within the AAs.

Refer to **Table 11 and 12** for a summary breakout of the community development investments and donations, respectively, by purpose, year, and MSA.

Table 11 –Qualified Investments												
Assessment Area	Total		Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Neighborhood Stabilization	
	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)
Prior Period												
Syracuse, NY MSA	3	2,904	1	2,400	1	467	1	37	0	0	0	0
Utica-Rome, NY MSA	1	37	0	0	0	0	1	37	0	0	0	0
Total	4	2,941	1	2,400	1	467	2	74	0	0	0	0
<i>Source: Bank records</i>												

Table 12 –Qualified Donations												
Assessment Area	Total		Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Neighborhood Stabilization	
	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)
2011												
Syracuse, NY MSA	26	66	0	0	22	63	4	3	0	0	0	0
Utica-Rome, NY MSA	2	21	0	0	1	11	1	10	0	0	0	0
Total	28	87	0	0	23	74	5	13	0	0	0	0
2012												
Syracuse, NY MSA	22	103	0	0	18	97	4	6	0	0	0	0
Utica-Rome, NY MSA	2	11	0	0	1	1	1	10	0	0	0	0
Total	24	114	0	0	19	98	5	16	0	0	0	0
2013												
Syracuse, NY MSA	16	52	0	0	14	48	2	4	0	0	0	0
Utica-Rome, NY MSA	2	20	0	0	0	0	1	10	1	10	0	0
Total	18	72	0	0	14	48	3	14	1	10	0	0
2014												
Syracuse, NY MSA	1	3	0	0	1	3	0	0	0	0	0	0
Utica-Rome, NY MSA	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	3	0	0	1	3	0	0	0	0	0	0
Grand Total	71	276	0	0	57	223	13	43	1	10	0	0
<i>Source: Bank records</i>												

Community Development Services

During the evaluation period, bank employees provided 72 instances of financial expertise or technical assistance to community development-related organizations. These efforts are summarized in **Tables 13 and 14** by year and assessment area, respectively.

Table 13 – Community Development Services By Year						
Year	Total	Affordable Housing	Community Services	Economic Development	Revitalization or Stabilization	Neighborhood Stabilization
	#	#	#	#	#	#
2011	16	1	7	7	1	0
2012	16	1	7	7	1	0
2013	18	2	7	8	1	0
2014	22	6	7	8	1	0
Totals	72	10	28	30	4	0
<i>Source: Bank records</i>						

Table 14 – Community Development Services by Assessment Area						
Assessment Area	Total	Affordable Housing	Community Services	Economic Development	Revitalization or Stabilization	Neighborhood Stabilization
	#	#	#	#	#	#
Syracuse, NY MSA	50	4	28	18	0	0
Utica-Rome, NY MSA	22	6	0	12	4	0
Totals	72	10	28	30	4	0
<i>Source: Bank records</i>						

The following illustrates notable examples of the bank's community development services:

- The bank's Chairman and CEO is the treasurer for Oneida Area Industries, Inc., which is a non-profit organization that seeks to promote economic development throughout the assessment area by providing assistance to primarily small businesses.
- The bank's president and chief operating officer serves on the Board of Madison Cortland Chapter of NYSARC, Inc., an organization that serves the needs of low- and moderate-income individuals who are disabled. This bank officer also serves as Chairman of the Investment Committee and Assistant Chairman of Budget/Finance Committee, in which financial expertise and technical assistance is provided to this organization.
- A bank Director is president of the Oneida Industrial Development Agency, which is an organization that seeks to promote economic development within the assessment area through the provision of assistance to primarily small businesses.

The bank offers three low-cost deposit accounts that would particularly benefit low- and moderate-income individuals throughout its AAs. The accounts are described below.

- **Totally Free Checking:** This is a non-interest bearing account that has no minimum balance to open the account and no minimum balances to avoid monthly service charges. Also, there are no per check fees.
- **VIP Interest Checking:** This is an interest bearing account with no minimum amount to open the account and no minimum balance requirements to obtain the interest rate. The \$10 maintenance service charge is waived with a regular deposit of \$100 or more each statement cycle.
- **Statement Savings:** This is an interest bearing account that features six free monthly transactions. There is a \$25 balance to open an account and a \$100 balance requirement to waive a monthly service charge of \$1.

In addition, Oneida Savings operates one branch in a moderate-income census tract in Oneida, which further demonstrates the bank's responsiveness to the needs of low- and moderate-income individuals and areas.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

SYRACUSE, NEW YORK MSA (MSA 45060)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 45060:

The bank's AA in this MSA includes all of Madison County and a small portion of Onondaga County. The area represents the larger portion of the bank's combined AA, as it accounts for 25, or 59.0 percent, of the combined AA's 44 census tracts. Oneida Savings operates 6 of its 11 offices (54.5 percent) in this MSA. A larger portion of total bank HMDA lending was made in this MSA during 2012 and 2013, at 55.8 percent and 57.9 percent, respectively. Relevant demographic information for this MSA is presented in the data tables included in this section.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 45060:

Oneida Savings' performance in this MSA mirrors the bank's overall performance in both the Lending Test and the Community Development Test.

Loan-to-Deposit Ratio

The bank's performance under this criterion was analyzed on an aggregate basis, combining both AAs. Please refer to the Lending Test section of this evaluation for details on the bank's performance.

Assessment Area Concentration

The bank's performance under this criterion was analyzed on an aggregate basis, combining both AAs. Please refer to the Lending Test section of this evaluation for details on the bank's performance.

Geographic Distribution

The geographic distribution of Oneida Savings' home mortgage loans reflects a reasonable dispersion throughout the AA.

Table 15 details the bank's performance. For comparative purposes, the percentage of aggregate lending and owner-occupied housing units among geographies of different income levels are also shown.

Table 15 – Distribution of HMDA Loans by Census Tract Income Level						
Census Tract Income Level	Owner-Occupied Housing Units	Aggregate Lending (2012)	Bank (2012)		Bank (2013)	
	%	%	#	%	#	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	8.3	2.2	10	3.4	12	5.3
Middle	58.9	59.3	230	78.8	172	76.1
Upper	32.8	38.5	52	17.8	42	18.6
Total	100.0	100.0	292	100.0	226	100.0

Source: HMDA LARs (2012, 2013), U.S. Census Data (2010)

As shown in **Table 15**, the bank's 2012 lending in moderate-income geographies at 3.4 percent was less than the percentage of owner-occupied housing units at 8.3 percent. However, the bank's lending exceeded the aggregate lending level of 2.2 percent, which is the primary comparison to measure the bank's performance. In addition, Oneida Savings ranks second among all lenders for market share in the AA's moderate-income tracts with 15.6 percent of the total home mortgage loans made in those areas during 2012.

The bank's percentage of loans within the moderate-income tracts increased to 5.3 percent in 2013. Furthermore, the number of loans made in the moderate-income tracts increased in 2013, despite a 22.6 decrease in total loans extended from 2012 to 2013.

Borrower's Profile

Oneida Savings' distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels.

Table 16 details the bank's performance. For comparative purposes, aggregate lending levels and the distribution of families by income level are also shown.

Table 16 – Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	Families	Aggregate Lending (2012)	Bank (2012)		Bank (2013)	
	%	%	#	%	#	%
Low	16.4	6.7	29	9.9	14	6.2
Moderate	17.7	17.0	61	20.9	31	13.7
Middle	20.4	23.3	70	24.0	55	24.4
Upper	45.5	49.8	110	37.7	116	51.3
N/A	0.0	3.2	22	7.5	10	4.4
Total	100.0	100.0	292	100.0	226	100.0

Source: HMDA LARs (2012, 2013), U.S. Census Data (2010)

As shown in **Table 16**, the bank's 2012 lending among low-income borrowers was lower than the percentage of low-income families, but exceeded the 2012 aggregate level, which is the primary comparison to measure the bank's performance. In addition, Oneida Savings ranked first among all lenders for market share of loans to low-income borrowers in the AA with 14.8 percent of the total home mortgage loans made to these borrowers during 2012. Oneida Savings' ratio of loans to low-income borrowers decreased to 6.2 percent in 2013; however, aggregate lending data for 2013 is not yet available to assess the significance of the decline.

According to **Table 16**, the bank's 2012 lending to moderate-income borrowers at 20.9 percent exceeded both the percentage of moderate-income families and the 2012 aggregate performance. Oneida Savings ranks first among all lenders for market share of loans to moderate-income borrowers in the AA with 12.6 percent of total home mortgage loans made to these borrowers during 2012. Oneida Savings' lending level decreased in 2013 to 13.7 percent; however, the 2013 aggregate lending data is not yet available to measure the overall market's performance and existing loan demand.

COMMUNITY DEVELOPMENT TEST

Oneida Savings' community development performance in the Syracuse, New York MSA is consistent with its overall performance for both AAs on a combined basis. Please refer to the Community Development Test section of this evaluation for details on the bank's overall performance.

UTICA-ROME, NEW YORK MSA (MSA 46540)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 46540:

This bank's AA in this MSA includes a portion of Oneida County. The area represents a smaller portion of the bank's combined AA, as it accounts for 19, or 41.0 percent, of the combined AA's 44 census tracts. Oneida Savings operates 5 of its 11 offices (45.5 percent) in this MSA. A smaller portion of total bank HMDA lending was made in this MSA during 2012 and 2013, at 44.2 percent and 42.1 percent, respectively. Relevant demographic information for this MSA is presented in the data tables included in this section.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 46540:

Oneida Savings' lending performance in this MSA is consistent with its overall performance with the exception of the geographic distribution performance criterion. Overall, the geographic distribution of home mortgage loans reflects a poor dispersion throughout this AA.

Oneida Savings has shown an adequate responsiveness to this AA's community development needs, primarily through its community development loans and services. However, the bank's community development performance in this MSA is generally below its performance in the Syracuse, New York MSA.

Loan-to-Deposit Ratio

The bank's performance under this criterion was analyzed on an aggregate basis, combining both AAs. Please refer to the Lending Test section of this evaluation for details on the bank's performance.

Assessment Area Concentration

The bank's performance under this criterion was analyzed on an aggregate basis, combining both AAs. Please refer to the Lending Test section of this evaluation for details on the bank's performance.

Geographic Distribution

The geographic distribution of Oneida Savings' home mortgage loans reflects a poor dispersion throughout the AA.

Table 17 details the bank's performance. For comparative purposes, the percentage of aggregate lending and owner-occupied housing units among geographies of different income levels are also shown.

Table 17 – Distribution of HMDA Loans by Census Tract Income Level						
Census Tract Income Level	Owner-Occupied Housing Units	Aggregate Lending (2012)	Bank (2012)		Bank (2013)	
	%	%	#	%	#	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	12.9	8.5	2	0.9	4	2.4
Middle	56.8	53.3	171	74.0	113	68.9
Upper	30.3	38.2	58	25.1	47	28.7
Total	100.0	100.0	231	100.0	164	100.0

Source: HMDA LARs (2012, 2013), U.S. Census Data (2010)

As shown in **Table 17**, the bank's 2012 lending in moderate-income geographies at 0.9 percent was substantially exceeded by the percentage of owner-occupied housing units at 12.9 percent, as well as the aggregate lending level of 8.5 percent. In addition, Oneida Savings ranks ninth among all lenders for market share in the AA's moderate-income census tracts with 1.8 percent of the total home mortgage loans made in those areas during 2012.

The bank's lending level within moderate-income tracts increased to 2.4 percent in 2013. Furthermore, the number of loans made in moderate-income tracts increased in 2013, despite a 29.0 decrease in total loans extended from 2012 to 2013. However, the percentage of loans in the moderate-income census tracts remains well below the percentage of owner-occupied housing units in those areas.

Borrower's Profile

Oneida Savings' distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels.

Table 18 details the bank's performance. For comparative purposes, aggregate lending levels and the distribution of families by income level are also shown.

Table 18 – Distribution of Home Mortgage Loan Loans by Borrower Income Level						
Borrower Income Level	Families	Aggregate Lending (2012)	Bank (2012)		Bank (2013)	
	%	%	#	%	#	%
Low	18.3	8.1	11	4.8	17	10.4
Moderate	17.7	22.2	40	17.3	37	22.6
Middle	22.7	29.1	70	30.3	40	24.4
Upper	41.3	37.8	101	43.7	63	38.4
N/A	0.0	2.8	9	3.9	7	4.3
Total	100.0	100.0	231	100.0	164	100.0

Source: HMDA LARs (2012, 2013), U.S. Census Data (2010)

As shown in **Table 18**, the bank's 2012 lending among low-income borrowers was exceeded by both the percentage of low-income families and the 2012 aggregate level. However, Oneida Savings ranks second among all lenders for market share of loans to low-income borrowers in the AA with 9.6 percent of the total home mortgage loans made to these borrowers during 2012. In addition, Oneida Savings' ratio of loans to low-income borrowers increased significantly to 10.4 percent in 2013.

According to **Table 18**, the bank's 2012 lending to moderate-income borrowers at 17.3 percent was generally consistent with the percentage of moderate-income families at 17.7 percent, but lower than the 2012 aggregate performance of 22.2 percent. However, Oneida Savings ranks second among all lenders for market share of loans to moderate-income borrowers in the AA with 12.4 percent of the total home mortgage loans made to these borrowers during 2012. In addition, Oneida Savings' ratio of loans to moderate-income borrowers increased significantly to 22.6 percent in 2013.

COMMUNITY DEVELOPMENT TEST

Oneida Savings' community development performance in the Utica-Rome, New York MSA is below the performance noted in the Syracuse, New York MSA. While the bank's community development loans and services have been generally responsive to the area's community development needs, its qualified investments and donations within the Utica-Rome New York MSA have demonstrated limited responsiveness. Please refer to the Community Development Test section of this evaluation for details on the bank's overall performance.